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SB 333 (FEES) WORK SESSION  
PUBLIC COMMENT SB s 327-328-329  
TAPES 016-017, SIDES A/B

SENATE COMMITTEE ON GOVERNMENT  
FINANCE AND TAX POLICY

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JANUARY 26, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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Members Present: Sen. Paul Phillips, Chair  
Sen. Shirley Gold, Vice Chair  
Sen. Tom Hartung  
Sen. Cliff Trow  
Sen. Greg Walden (excused at 1:35 pm)

Excused: Sen. Eugene Timms

Witnesses: Michael McCallum, Oregon Restaurant Assn.  
Gary Weeks, Oregon State Lottery  
Gary Williams, State Lottery Contracts Office  
Michael Mills, Attorney representing Oregon Restaurant Assn.  
Larry Harvey, Oregon Lodging Assn.  
Genoa Ingram-Read, Oregon Assn. of Realtors

Staff: James Scherzinger, Legislative Revenue Officer  
Steve Meyer, Legislative Revenue Office  
Janice DeVito, Committee Assistant

TAPE 016 - SIDE A

005 Chair Phillips -calls the meeting to order at 1:15 as a subcommittee  
-describes plan to accept comment from proponents and lead opponents of  
three draft preemption bills (SB 327, SB 328, SB 329) with full hearings to be  
held at a later date  
-a tentative work session on SB 327 concerning transient room tax will be  
held on February 7  
-a tentative hearing on SB 328 concerning lottery games and retailers will  
be held on January 31 with proposed amendment  
-SB 329 concerning real estate transfer tax will also be scheduled for next  
week  
-(-3) amendments to SB 333 were noted (Exhibit D)  
PRELIMINARY PUBLIC COMMENT - SB 328 (LC2106)

050 Michael McCallum -Oregon Restaurant Association  
-requests "urgent and immediate action" on this bill  
-describes upcoming March 3 vote in City of Eugene to impose 10% tax on  
retailer proceeds from video lottery  
084 -believes current law prohibits this type of tax  
-Oregon Lottery has requested Attorney General opinion on issue  
100 -although lawsuit is in process, ORA. feels remedy should come from  
legislature  
-local tax has ability to jeopardize revenue stream from lottery  
120 Gary Weeks -Oregon State Lottery  
-testimony reflects "substantial conversation" with Governor Kitzhaber  
-describes Lottery Commission process for arriving at commission rates  
-expresses concerns about varying tax rates between jurisdictions,  
retailers reinvesting in their business and lottery games, excessive  
community taxation to prohibit local lottery games, and constitutional  
problems for lottery  
175 -local tax policy could conflict with Lottery Commission constitutional  
responsibility to operate games  
202 -questions and discussion about ramifications of Eugene initiative  
300 Gary Williams -Contracts Office of Oregon State Lottery  
308 McCallum -asks for clarification of statutory language and believes  
City of Eugene has taken this measure as a "shot in the dark"  
328 Sen Gold -opinion that legislature should be place of last resort  
after other venues have been explored  
-questions about local control are separate from lottery and retailer  
issues - "trying to be cautious" about precedent  
355 Williams -clarifies opinion about authority of cities and counties to  
levy taxes  
-questions and discussion  
TAPE 017, SIDE A  
012 Sen Trow -"what I think is being asked here is that there be a further  
prescription on local government's ability to levy a tax"  
-perhaps a small tax by local jurisdictions is appropriate to cover costs  
directly related to increased activity  
-"is there a local city/county issue about some additional costs they  
have?"  
-discussion  
030 Sen Walden - need to look at how much of lottery money is being  
targeted back to local governments in forms of water and sewer funds, etc.  
-discussion and questions  
064 Weeks -Attorney General position expected in approximately 7-10 days  
092 Michael Mills -Attorney in private practice, and for Oregon Restaurant  
Assn.  
-submits written remarks in opposition to bill (Exhibit B)  
-believes law is clear and Attorney General opinion will clarify that law  
precludes City of Eugene from imposing tax  
-explains importance of timing of decision and reasons legislative  
direction is being sought  
-questions and discussion  
144 Chair Phillips -requests review by Legislative Counsel on this subject  
and hearing/possible work session on Tuesday, 1/31/95  
-discussion  
PRELIMINARY PUBLIC COMMENT - SB 327 (LC2103)  
210 Larry Harvey -Oregon Lodging Association  
-submits Proposal to Enact a Moratorium on Local Lodging Tax Increases or  
Implementation with general summary and news articles attached (Exhibit C)  
-summarizes that "sales taxes ...levied against transient accommodations  
businesses are unfair, unrepresentative of the people who pay the sales  
tax, and many times simply greedy"  
304 -questions and discussion regarding length and other details of  
proposed moratorium  
330 Harvey -OLA is only industry in state that has been singled out for  
this type of tax  
-suggests that tax should be more broad-based throughout the state tourism  
industry

-questions and discussion

TAPE 016, SIDE B

013 Chair Phillips -asks Mr. Harvey of OLA to supply additional information on Tuesday, 2/7/95

-at request of Sen. Hartung, asks Mr. Weeks of Oregon State Lottery to supply forecasting about casino video poker impact on lottery revenue

-at request of Sen. Hartung, asks Mr. Harvey of OLA to supply a list of local jurisdictions who impose taxes on lodging industry which finance things not related to tourism

PRELIMINARY PUBLIC COMMENT - SB 329 (LC2574)

048 Genoa Ingram-Read -Oregon Assn. of Realtors

-presents brief overview of opposition to real estate transfer taxes

-will submit written testimony Tuesday, 1/31/95

-questions and discussion about "freeze" on local real estate transfer taxes and specific length of proposed moratorium

WORK SESSION - SB 333

125 Chair Phillips -invites discussion of Proposed (-3) Amendments to SB 333 (Exhibit D)

130 -clarifies upcoming committee work schedule

160 Chair Phillips -adjourns meeting at 2:20 pm

Janice DeVito  
Committee Assistant

Kimberly Taylor James  
Office Manager

Exhibits Summary:

A. LC2106 (SB 328), McCallum, memorandum re: LC Draft 2106 - Local Lottery

Proceeds Tax

B. LC2106 (SB 328), Mills, Testimony In Favor of LC2106

C. LC2103 (SB 327), Harvey, Proposal to Enact a Moratorium on Local Lodging Tax Increases or Implementation (with summary and attached news articles)

D. SB 333, Phillips, Proposed (-3) Amendments to SB 333, 1/26/95 TC/lg

E. SB 333, Scherzinger, Draft Copy Budget-Related Fee Changes for Governor's 1995-97 Recommended Budget, 1/25/95